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Columbia, SC 29201



Phone: (803) 737-0800
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Shannon Bowyer Hudson
Counsel for ORS

shudson@regstaff.sc.gov

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**PSC SC
MAIL / DMS**

February 21, 2018

VIA U.S. MAIL

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Continuing Audit Information Request ("AIR") for Consolidated Docket Nos.:
2017-207-E (4th Continuing AIR)
2017-305-E (3rd Continuing AIR)
2017-370-E (3rd Continuing AIR)

Dear Ms. Boyd:

Please find enclosed the South Carolina Office of Regulatory Staff's Continuing Audit Information Request ("AIR") for the consolidated dockets referenced above along with its cover letter which was served on South Carolina Electric & Gas Company and Dominion Energy, Inc. today.

Sincerely,

Shannon B. Hudson

Shannon B. Hudson

Enclosure

cc: Joseph Melchers, Esquire (via U.S. mail)
All Parties of Record in Docket No. 2017-305-E (via e-mail)
All Parties of Record in Docket No. 2017-207-E (via e-mail)
All Parties of Record in Docket No. 2017-370-E except William T. Dowdey (via e-mail)
William T. Dowdey (via U.S. mail)

1401 Main Street, Suite 900



Phone: (803) 737-0800

shudson@regstaff.sc.gov

Shannon Bowyer Hudson
Counsel for ORS

February 21, 2018

VIA ELECTRONIC MAIL

K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
220 Operation Way-MC C222
Cayce, South Carolina 20033-3701

Lisa S. Booth, Esquire
Dominion Energy Services, Inc.
120 Tredegar Street
P.O. Box 26532
Richmond, Virginia 23261-6532

Re: Continuing Audit Information Request ("AIR") for Consolidated Docket Nos.:
2017-207-E (4th Continuing AIR) ¹
2017-305-E (3rd Continuing AIR) ¹
2017-370-E (3rd Continuing AIR)

Dear Mr. Burgess and Ms. Booth:

Please find enclosed and served on you South Carolina Office of Regulatory Staff's ("ORS") Continuing Audit Information Request as referenced above. Please note that pursuant to S.C. Code § 58-4-55(A), ORS requests that the responses be provided under oath. ORS also asks that individual responses be provided early if they are completed prior to the due date.

(Continued...)

¹ A First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770 was sent to SCE&G and has been responded to. Commission Order Nos. 2017-769 and 2017-770 were issued in Docket Nos. 2017-305-E and 2017-207-E. The First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770 is being treated as a chronology separate and apart from the AIRs referenced above. For clarity, Dominion Energy, Inc. was not served the AIR issued pursuant to Order Nos. 2017-769 and 2017-770 or the 1st Continuing AIR in Docket No. 2017-207-E.

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MAIL / DMS**

K. Chad Burgess, Esquire
Lisa S. Booth, Esquire
February 21, 2018
Page 2

Sincerely,

Shannon B. Hudson

Shannon B. Hudson

Enclosure

cc: Matthew W. Gissendanner, Esquire (via e-mail)
Byron Hinson (via e-mail)

I. INSTRUCTIONS

The South Carolina Office of Regulatory Staff ("ORS") hereby requests, pursuant to S.C. Code Ann. §§ 58-4-50(A)(2), 58-4-55(A), 58-27-160, 58-27-1570, 58-27-1580, and 58-33-277 that South Carolina Electric & Gas Company ("SCE&G" or "Company") and Dominion Energy, Inc. ("Dominion") (collectively the "Parties") provide responses in writing and under oath and serve the undersigned on or before March 8, 2018 to ORS at 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. If you are unable to respond to any of the requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these audit requests, "identify" means, when asked to identify a person, to provide the full name, business title, address and telephone number. As used in these audit requests, "address" means mailing address and business address. When asked to identify or provide a document, "identify" and "provide" mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, a copy of the document may be attached with the identity of the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS THEREFORE REQUESTED:

- Pursuant to S.C. Code Ann. § 58-4-55(A) that responses be submitted under oath.
- That SCANA/SCE&G respond only unless Dominion is included in the request.
- All information shall be provided to ORS in the format requested.
- All responses to the requests below must be labeled using the same numbers as the requests.
- Unless otherwise agreed, the requested information shall be bound in 3-ring binders with numbered tabs between each question. The question should be reproduced at the beginning of each tab for the responses included. All exhibits shall be reduced or expanded to 8 ½" x 11" formats, where practical.
- If information requested is found in other places or other exhibits, reference shall not be made to those; instead, reproduce and place a copy of the requested information in the appropriate numerical sequence.
- Any inquiries or communications requesting clarification of the information requested should be directed to Dawn Hipp [803.737.0814], Anthony James [803.737.2090], Jay Jashinsky [803.737.1984], Jeffrey M. Nelson, Esquire [803.737.0823], or Shannon Bowyer Hudson, Esquire [803.737.0889] of ORS.
- This entire list of questions shall be reproduced and included in front of each set of responses.
- Unless otherwise set forth below, the Parties shall provide four (4) flash drives with each containing a set of the responses, and seven (7) paper copies/binders of responses to ORS. In addition it is requested that the Parties provide working copies of all spreadsheets (not in Adobe) with all formulas and calculations intact to ORS.
- If the response to any request is that the information requested is not currently available, please state when the information requested will be provided to ORS. This statement is not a waiver of the deadline for all other responses.
- In addition to the signature and verification at the close of the Parties' responses, the Parties' witness(es), employee(s), contractor(s) or agent(s) responsible for the information contained in each response shall be indicated at the bottom of each response.
- This request shall be deemed to be continuing so as to require SCE&G to supplement or amend its responses as any additional information becomes available.

- Each answer shall incorporate the requested information for South Carolina Generating Company, Inc. ("GENCO"), where applicable.
- For responses regarding the V.C. Summer Units 2 & 3 Project (the "NND Project"), please provide all responses to reflect SCE&G's 55% participation where possible. Where this request is not possible, please clearly identify whether the responses reflect 100% or 55% dollars.
- The following Attachments are to be completed as requested below:
 - None

II. REQUESTS

- 3-1 Please provide copies of all documents provided by SCE&G, SCANA and/or Dominion to SC General Assembly members from July 1, 2017 to current date. This includes, but is not limited to, responses to requests for information, answers to questions and statistical analysis requested by any SC House or Senate member, staff member, subcommittee or committee. Response to this question should include the following information:
 - a. Requestor name;
 - b. Date of request;
 - c. Date response provided to Requestor;
 - d. Summary of request; and
 - e. Copy of information provided to Requestor
- 3-2 Please provide the calculation to support the statement made by Mr. Thomas Farrell, in his testimony on February 14, 2018, to the S.C. Senate V.C. Summer Project Review Committee, that SCE&G will realize a 5% Return on Common Equity instead of a 10.25% Return on Common Equity as requested in Paragraph 126 of the Application.
- 3-3 Please provide the calculation to support the statement made by Mr. Thomas Farrell, in his testimony on February 14, 2018, to the S.C. Senate V.C. Summer Project Review Committee, that impact of the Tax Cuts and Jobs Act on SCE&G is \$500,000.
- 3-4 Please provide a copy of all South Carolina advertising related to the merger or Joint Application as identified in Response to ORS Question 1-154. Please provide the copy in the same format as the advertisement, ex. digital, print, audio.
- 3-5 Please identify the type of decisions that will be "local" and made in South Carolina without confirmation or permission from Dominion after the merger.
- 3-6 Please identify to what extent Dominion management will be involved in reviewing and possibly modifying or rejecting SCE&G's operation plans and budgets post-merger.

- 3-7 Please identify if SCE&G's operational electric and natural gas budgets will be planned, reviewed, and approved by Dominion post-merger.
- 3-8 Please provide an estimate of the type and amount of CAPEX projects planned by SCE&G for the years 2018, 2019, 2020 and 2021. Please identify how these CAPEX projects will be financed post-merger.
- 3-9 Please explain why the Joint Applicants provide a Customer Benefit Plan for electric customers and not for natural gas customers.
- 3-10 Please identify by dollar amount the benefits that SCE&G natural gas customers would receive because of the proposed merger.
- 3-11 Please explain how the proposed merger would provide additional benefits that SCANA/SCE&G could not already provide natural gas customers
- 3-12 Please identify and provide an estimate of the Dominion costs currently incurred related to the proposed merger.
- 3-13 Please identify the Dominion corporate costs expected to be allocated annually to SCE&G post-merger. State what portion is expected to be sought from customers post-merger.
- 3-14 State the costs allocated from SCANA to SCE&G for each calendar year of 2016 and 2017.
- 3-15 Please provide an estimate of the transaction and integration costs Dominion, SCANA and SCE&G expect to incur related to the proposed merger.
- 3-16 Please provide a detailed listing of all transaction and integration costs related to the proposed merger incurred by SCANA, SCE&G or Dominion including the accounts to which the transactional costs are or will be booked.
- 3-17 Please identify how SCANA, SCE&G and Dominion plan to recover transaction and integration costs associated with the proposed merger including, but not limited to, legal, accounting, advertising, financial advisory, filing, printing fees and mailing fees.
- 3-18 Please identify which Joint Applicant paid Morgan Stanley \$27 million and RBC Capital Markets \$14 million for evaluation services of the offer made by Dominion. If paid by SCANA and/or SCE&G, please indicate the account name and number to which these costs were recorded. Please provide the scope of services performed by Morgan Stanley and RBC Capital Markets.
- 3-19 Please identify which entities would be involved with intercompany lending post-merger.

- 3-20 Please provide the expected date of filing for the next general rate case for SCE&G as anticipated in the No Merger Benefit Plan (Exhibit 10 to the Application).
- 3-21 Please provide specific details of the 100 MW Solar RFP identified in Exhibit 10 including, but not limited to, the following:
 - a. the ownership of the solar and associated storage facilities (i.e. SCE&G owned, PURPA QF owned);
 - b. the expected timeframe for the RFP, and the associated award and construction of the solar facilities;
 - c. the expected location and size of the solar facilities; and
 - d. the financial impact to ratepayers
- 3-22 Please provide the following related to the Recovery of the Capital Costs of the Units as specified in Exhibit 10 (f):
 - a. The calculation and supporting documentation for the \$490 million write-off;
 - b. The calculation and supporting documentation for the approximate \$63 million annual capital costs for NND;
 - c. An explanation of the statement: "The increase in utility expenses associated with this amortization will not result in a change in customer rates in this proceeding."
- 3-23 Please provide a comparison of the Customer Benefit Plan, No Merger Benefits Plan (Exhibit 10) and the Base Request (Exhibit 11) for the following components:
 - a. Total dollars to be recovered from ratepayers.
 - b. Total dollar value of any rate reduction for ratepayers related to capital costs;
 - c. Total dollar value of the rate reduction for ratepayers related to tax reform;
 - d. Total dollars to be recovered from ratepayers related to Columbia Energy;
 - e. Total dollars to be recovered from ratepayers relating to the solar RFP and the solar RFP's outcome; and
 - f. Total dollar value to be recovered from ratepayers related to capital costs of V.C. Summer Units 2 & 3.
- 3-24 Please provide the policies, procedures, and documents that set forth the requirements for approval by a Professional Engineer for the V.C. Summer Unit 2 and 3 Projects.
- 3-25 Please provide information on how SCE&G verified that Westinghouse was following South Carolina Code § 40-22-270 which requires plans and specifications to be prepared by a licensee or prepared under the licensee's direct supervision and stamped with seals when issued for use as job site record documents at construction projects within this State.
- 3-26 Please provide the any memorandum, documents or opinions regarding the use of non-South Carolina licensed engineers at the V.C. Summer Unit 2 and 3 Project. If a legal

position was not provided by Westinghouse, identify if SCE&G requested a legal position from Westinghouse and the date SCE&G made the request.

Shannon B. Hudson
Jeffrey M. Nelson, Esquire
Shannon B. Hudson, Esquire
Jenny R. Pittman, Esquire
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February 21, 2018